

Message Text

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C O N F I D E N T I A L NEW DELHI 5419

CINCPAC FOR POLAD

EO 11652: GDS
TAGS: PGOV, PINR, IN
SUBJ: BIO DATA ON H.M. PATEL, MINISTER OF FINANCE

1. A RETIRED CIVIL SERVANT TURNED POLITICIAN, H. M. (HERUBHAI MULJIBHAI) PATEL HAS BEEN NAMED FINANCE MINISTER AND HEAD OF THE DEPARTMENT OF REVENUE AND BANKING IN MORARJI DESAI'S GOVERNMENT. A GURAATI, LIKE DESAI, PATEL IS A KEEN SCHOLAR OF THE INDIAN ECONOMY WHO TURNED TO POLITICS TO EXPRESS HIS DEEPLY-HELD CONVICTION ABOUT ECONOMIC AFFAIRS. HE HAS BEEN A CHAMPION OF FREE ENTERPRISE AND AN ARDENT ADVOCATE OF UNSHACKLING THE INDIAN ECONOMY FROM THE CONTROLS THAT PERMEATE IT. HOWEVER, TEN YEARS OF FRUSTRATING POLITICAL EXPERIENCE HAVE UNDOUBTEDLY TEMPERED ANY PROPENSITY FOR PRECIPITATE ACTION. HIS BACKGROUND AS A TOP-RANK CIVIL SERVANT WILL
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ALSO MAKE HIM CAUTIOUS IN TACKLING INDIA'S ECONOMIC PROBLEMS.

2. H. M. PATEL WAS BORN IN BOMBAY IN 1904 AND RECEIVED HIS B.A. FROM OXFORD AND BSC FROM LONDON UNIVERSITY IN 1927. HE THEN RETURNED TO INDIA AND JOINED THE PRESTIGIOUS INDIAN CIVIL SERVICE (ICS) RISING THROUGH THE RANKS FROM

AN ASSISTANT COLLECTOR TO SECRETARY OF THREE MAJOR DEPARTMENTS OF THE GOVERNMENT OF INDIA (DEFENSE, FOOD AGRICULTURE, FINANCE). HE WAS ALSO CABINET SECRETARY IN 1947 AND PARTITION SECRETARY 1947-1953. IN 1948 HE WORKED OUT WITH V.P. MENON THE "POLICE ACTION" IN HYDERBAD. PATEL'S INVOLVEMENT IN ECONOMIC AFFAIRS DATES BACK TO HIS WORK AT THE MINISTRY OF FINANCE WHERE HE SERVED FROM 1954-1958 FIRST AS SECRETARY FOR ECONOMIC AFFAIRS THEN RISING TO PRINCIPAL FINANCE SECRETARY BEFORE RESIGNING IN 1958 FROM THE FINANCE MINISTRY DUE TO HIS INVOLVEMENT IN THE MUNDHRA SCANDAL. MUNDHRA WAS A LEADING INDUSTRIALIST WITH A RATHER UNSCRUPULOUS REPUTATION AND A GOVERNMENT INQUIRY, LED BY PATEL, WAS INSTIGATED. PATEL RESIGNED AS FINANCE SECRETARY AFTER EFFORTS WERE MADE TO IMPLICATE HIM ALTHOUGH HE WAS LATER EXONERATED AND REINSTATED IN THE CIVIL SERVICE. HOWEVER AS A RESULT OF THE WHOLE AFFAIR HE NEVER RETURNED TO THE FINANCE MINISTRY AND RESIGNED FROM THE CIVIL SERVICE IN 1959 AT AGE 55. DURING THE COURSE OF THE INVESTIGATION OF THE SCANDAL PATEL STAUNCHLY DEFENDED THE CIVIL SERVANTS ACCUSED, AN ACTION WHICH IS REFLECTED IN THE HIGH REGARD THE BUREAUCRACY STILL HOLDS FOR HIM.

3. SINCE 1966. PATEL HAS BEEN ACTIVE IN THE POLITICS OF WESTERN INDIA. HE JOINED THE SEATANTRA PARTY IN 1966 HOPING THAT PARTY WOULD OFFER A TRUE LIBERAL ALTERNATIVE TO THE CONTROLLED-STATE SOCIALISM THAT HE SAW DEVELOPING UNDER CONGRESS. WHEN SWATANTRA'S FREE-ENTERPRISE PLATFORM FAILED TO WIN WIDE SUPPORT HE FOLLOWED HIS COLLEAGUES

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INTO THE MERGER WITH THE BHARATIYA KRANTI DAL OUT OF WHICH CAME THE BHARATIYA LOK DAL WHICH ENDORSED A MILD FORM OF SOCIALISM.

4. PATEL IS NOW BEGINNING HIS SECOND TERM IN THE LOK SABHA WHICH HE ENTERED IN 1971 WHEN HE WON THE DUNDHUKA SEAT IN GUJARAT. IN 1977 HE WON THE SABAR KANTHA SEAT. IN THE DISSOLVED LOK SABHA HE LED THE OPPOSITION BENCHES COMPRISING THE CONGRESS (O), THE SOCIALIST PARTY, THE JANA SANGH AND HIS OWN BLD. HE WAS VIGOROUS IN FIGHTING FOR FUNDAMENTAL RIGHTS ON THE FLOOR, BUT WAS NOT INCARCERATED UNDER MISA.

5. H.M. PATEL STANDS OUT AS A URBANE MAN AMONG INDIAN POLITICIANS. HE HAS SOPHISTICATED VIEWS ON A BROAD RANGE OF DOMESTIC AND INTERNATIONAL ISSUES. HE IS WELL READ, WELL EDUCATED AND HAS BEEN NEAR THE TOP LEVEL OF INDIAN GOVERNMENTAL AFFAIRS FOR 35 YEARS. AS WOULD BE EXPECTED FROM AN ECONOMIC LIBERAL, HIS VIEWS ARE

MARKEDLY PRO-WESTERN, EVEN THOUGH HE IS KEEN TO DEVELOP INDIA'S ROLE AS A LEADER OF THE THIRD WORLD. PATEL WAS SECRETARY AT THE FINANCE MINISTRY DURING A PERIOD OF LARGE USAID PROGRAMS.

6. LIKE MOST GUJARATIS, PATEL IS A VEGETARIAN BUT DOES NOT SHARE THE PRIME MINISTER'S PURITANCIAL VIEWS ON PROHIBITION; HE DRINKS BOTH WHISKEY AND BRANDY. PATEL IS MARRIED AND HAS FOUR DAUGHTERS.
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